

16.

Reporting Gains and Losses

Introduction

This chapter discusses how to report capital gains and losses from sales, exchanges, and other dispositions of investment property on Schedule D of Form 1040. The discussion includes:

- How to report short-term gains and losses,
- How to report long-term gains and losses,
- How to figure capital loss carryovers,
- How to figure your tax on a net capital gain, and
- An illustrated example of how to complete Schedule D.

If you sell or otherwise dispose of property used in a trade or business or for the production of income, see Publication 544, *Sales and Other Dispositions of Assets*, before completing Schedule D.

Useful Items

You may want to see:

Publication

- ☐ **537** Installment Sales
- ☐ **544** Sales and Other Dispositions of Assets
- ☐ **550** Investment Income and Expenses

Form (and Instructions)

- ☐ **Schedule D (Form 1040)** Capital Gains and Losses
- ☐ **4797** Sales of Business Property
- ☐ **6252** Installment Sale Income
- ☐ **8582** Passive Activity Loss Limitations

Reporting Capital Gains and Losses

Report capital gains and losses on Schedule D (Form 1040). Enter your sales and trades of stocks, bonds, etc., and real estate (if not reported on Form 4684, 4797, 6252, 6781, or 8824) on line 1 of Part I or line 8 of Part II, as appropriate. Include all these transactions even if you did not receive a Form 1099-B, *Proceeds From Broker and Barter Exchange Transactions*, or Form 1099-S, *Proceeds From Real Estate Transactions* (or substitute statement). You can use Schedule D-1 as a continuation schedule to report more transactions.

Be sure to add all sales price entries in column (d) of lines 1 and 2 and enter the total on line 3. Also add all sales price entries in column (d) of lines 8 and 9 and enter the total on line 10. Then add the following amounts reported to you

for 2005 on Forms 1099-B and Forms 1099-S (or on substitute statements):

1. Proceeds from transactions involving stocks, bonds, and other securities, and
2. Gross proceeds from real estate transactions (other than the sale of your main home if you had no taxable gain) not reported on another form or schedule.

If this total is more than the total of lines 3 and 10, attach a statement to your return explaining the difference.

Installment sales. You cannot use the installment method to report a gain from the sale of stock or securities traded on an established securities market. You must report the entire gain in the year of sale (the year in which the trade date occurs).

Passive activity gains and losses. If you have gains or losses from a passive activity, you may also have to report them on Form 8582. In some cases, the loss may be limited under the passive activity rules. Refer to Form 8582 and its separate instructions for more information about reporting capital gains and losses from a passive activity.

Form 1099-B transactions. If you sold property, such as stocks, bonds, or certain commodities, through a broker, you should receive Form 1099-B or equivalent statement from the broker. Use the Form 1099-B or the equivalent statement to complete Schedule D.

Report the gross proceeds shown in box 2 of Form 1099-B as the gross sales price in column (d) of either line 1 or line 8 of Schedule D, whichever applies. However, if the broker advises you, in box 2 of Form 1099-B, that gross proceeds (gross sales price) less commissions and option premiums were reported to the IRS, enter that net sales price in column (d) of either line 1 or line 8 of Schedule D, whichever applies.

If the net sales price is entered in column (d), do not include the commissions and option premiums in column (e).

Form 1099-S transactions. If you sold or traded reportable real estate, you generally should receive from the real estate reporting person a Form 1099-S showing the gross proceeds.

"Reportable real estate" is defined as any present or future ownership interest in any of the following:

1. Improved or unimproved land, including air space,
2. Inherently permanent structures, including any residential, commercial, or industrial building,
3. A condominium unit and its accessory fixtures and common elements, including land, and
4. Stock in a cooperative housing corporation (as defined in section 216 of the Internal Revenue Code).

A "real estate reporting person" could include the buyer's attorney, your attorney, the title or escrow company, a mortgage lender, your broker, the buyer's broker, or the person acquiring the biggest interest in the property.

Your Form 1099-S will show the gross proceeds from the sale or exchange in box 2. Follow the instructions for Schedule D to report these transactions and include them on line 1 or 8 as appropriate.

Nominees. If you receive gross proceeds as a nominee (that is, the gross proceeds are in your

name but actually belong to someone else), report on Schedule D, lines 3 and 10, only the proceeds that belong to you. Then add the following amounts reported to you for 2005 on Forms 1099-B and 1099-S (or substitute statements) that you are not reporting on another form or schedule included with your return:

1. Proceeds from transactions involving stocks, bonds, and other securities, and
2. Gross proceeds from real estate transactions (other than the sale of your main home if you are not required to report it).

If the total of (1) and (2) is more than the total of lines 3 and 10, attach a statement to your return explaining the reason for the difference.

File Form 1099-B or Form 1099-S with the IRS. If you received gross proceeds as a nominee in 2005, you must file a Form 1099-B or Form 1099-S for those proceeds with the IRS. Send the Form 1099-B or Form 1099-S with a Form 1096, *Annual Summary and Transmittal of U.S. Information Returns*, to your Internal Revenue Service Center by February 28, 2006 (March 31, 2006, if you file Form 1099-B or Form 1099-S electronically). Give the actual owner of the proceeds Copy B of the Form 1099-B or Form 1099-S by January 31, 2006. On Form 1099-B, you should be listed as the "Payer." The other owner should be listed as the "Recipient." On Form 1099-S, you should be listed as the "Filer." The other owner should be listed as the "Transferor." You do not, however, have to file a Form 1099-B or Form 1099-S to show proceeds for your spouse. For more information about the reporting requirements and the penalties for failure to file (or furnish) certain information returns, see the General Instructions for Forms 1099, 1098, 5498, and W-2G.

Sale of property bought at various times. If you sell a block of stock or other property that you bought at various times, report the short-term gain or loss from the sale on one line in Part I of Schedule D and the long-term gain or loss on one line in Part II. Write "Various" in column (b) for the "Date acquired." See *Comprehensive Example* later in this chapter.

Sale expenses. Add to your cost or other basis any expense of sale such as brokers' fees, commissions, state and local transfer taxes, and option premiums. Enter this adjusted amount in column (e) of either Part I or Part II of Schedule D, whichever applies, unless you reported the net sales price amount in column (d).

For more information about adjustments to basis, see chapter 13.

Short-term gains and losses. Capital gain or loss on the sale or trade of investment property held 1 year or less is a short-term capital gain or loss. You report it in Part I of Schedule D. If the amount you report in column (f) is a loss, show it in parentheses.

You combine your share of short-term capital gain or loss from partnerships, S corporations, and fiduciaries, and any short-term capital loss carryover, with your other short-term capital gains and losses to figure your net short-term capital gain or loss on line 7 of Schedule D.

Long-term gains and losses. A capital gain or loss on the sale or trade of investment property held more than 1 year is a long-term capital gain or loss. You report it in Part II of Schedule D. If the amount you report in column (f) is a loss, show it in parentheses.

You also report the following in Part II of Schedule D:

Table 16-1. **What Is Your Maximum Capital Gain Rate?**

IF your net capital gain is from ...	THEN your maximum capital gain rate is ...
Collectibles gain	28%
Gain on qualified small business stock minus the section 1202 exclusion	28%
Unrecaptured section 1250 gain	25%
Other gain ¹ and the regular tax rate that would apply is 25% or higher	15%
Other gain ¹ and the regular tax rate that would apply is lower than 25%	5%

¹ Other gain means any gain that is not collectibles gain, gain on qualified small business stock, or unrecaptured section 1250 gain.

1. Undistributed long-term capital gains from a regulated investment company (mutual fund) or real estate investment trust (REIT),
2. Your share of long-term capital gains or losses from partnerships, S corporations, and fiduciaries,
3. All capital gain distributions from mutual funds and REITs not reported directly on line 10 of Form 1040A or line 13 of Form 1040, and
4. Long-term capital loss carryovers.

The result after combining these items with your other long-term capital gains and losses is your net long-term capital gain or loss (line 15 of Schedule D).

Capital gain distributions only. You do not have to file Schedule D if both of the following are true.

1. The only amounts you would have to report on Schedule D are capital gain distributions from box 2a of Form 1099-DIV (or substitute statement).
2. You do not have an amount in box 2b, 2c, or 2d of any Form 1099-DIV (or substitute statement).

If both of the above statements are true, report your capital gain distributions directly on line 13 of Form 1040 and check the box on line 13. Also, use the Qualified Dividends and Capital Gain Tax Worksheet in the Form 1040 instructions to figure your tax.

You can report your capital gain distributions on line 10 of Form 1040A, instead of on Form 1040, if both of the following are true.

1. None of the Forms 1099-DIV (or substitute statements) you received have an amount in box 2b, 2c, or 2d.
2. You do not have to file Form 1040 for any other capital gains or losses.

Total net gain or loss. To figure your total net gain or loss, combine your net short-term capital gain or loss (line 7) with your net long-term capital gain or loss (line 15). Enter the result on Schedule D, Part III, line 16. If your losses are more than your gains, see *Capital Losses*, next. If both lines 15 and 16 are gains and line 43 of Form 1040 is more than zero, see *Capital Gain Tax Rates*, later.

Capital Losses

If your capital losses are more than your capital gains, you can claim a capital loss deduction. Report the deduction on line 13 of Form 1040, enclosed in parentheses.

Limit on deduction. Your allowable capital loss deduction, figured on Schedule D, is the lesser of:

1. \$3,000 (\$1,500 if you are married and file a separate return), or
2. Your total net loss as shown on line 16 of Schedule D.

You can use your total net loss to reduce your income dollar for dollar, up to the \$3,000 limit.

Capital loss carryover. If you have a total net loss on line 16 of Schedule D that is more than the yearly limit on capital loss deductions, you can carry over the unused part to the next year and treat it as if you had incurred it in that next year. If part of the loss is still unused, you can carry it over to later years until it is completely used up.

When you figure the amount of any capital loss carryover to the next year, you must take the current year's allowable deduction into account, whether or not you claimed it.

When you carry over a loss, it remains long term or short term. A long-term capital loss you carry over to the next tax year will reduce that year's long-term capital gains before it reduces that year's short-term capital gains.

Figuring your carryover. The amount of your capital loss carryover is the amount of your total net loss that is more than the lesser of:

1. Your allowable capital loss deduction for the year, or
2. Your taxable income increased by your allowable capital loss deduction for the year and your deduction for personal exemptions.

If your deductions are more than your gross income for the tax year, use your negative taxable income in computing the amount in item (2).

Complete the Capital Loss Carryover Worksheet in Publication 550 to determine the part of your capital loss for 2005 that you can carry over to 2006.

Example. Bob and Gloria sold securities in 2005. The sales resulted in a capital loss of \$7,000. They had no other capital transactions. Their taxable income was \$26,000. On their joint 2005 return, they can deduct \$3,000. The unused part of the loss, \$4,000 (\$7,000 – \$3,000), can be carried over to 2006.

If their capital loss had been \$2,000, their capital loss deduction would have been \$2,000. They would have no carryover.

Use short-term losses first. When you figure your capital loss carryover, use your short-term capital losses first, even if you incurred them after a long-term capital loss. If you have not reached the limit on the capital loss deduction after using the short-term capital losses, use the long-term capital losses until you reach the limit.

Decedent's capital loss. A capital loss sustained by a decedent during his or her last tax year (or carried over to that year from an earlier year) can be deducted only on the final income tax return filed for the decedent. The capital loss limits discussed earlier still apply in this situation. The decedent's estate cannot deduct any of the loss or carry it over to following years.

Joint and separate returns. If you and your spouse once filed separate returns and are now filing a joint return, combine your separate capital loss carryovers. However, if you and your spouse once filed a joint return and are now filing separate returns, any capital loss carryover from the joint return can be deducted only on the return of the spouse who actually had the loss.

Capital Gain Tax Rates

The tax rates that apply to a net capital gain are generally lower than the tax rates that apply to other income. These lower rates are called the maximum capital gain rates.

The term "net capital gain" means the amount by which your net long-term capital gain for the year is more than your net short-term capital loss.

For 2005, the maximum capital gain rates are 5%, 15%, 25%, or 28%. See Table 16-1 for details.

TIP If you figure your tax using the maximum capital gain rates and the regular tax computation results in a lower tax, the regular tax computation applies.

Example. All of your net capital gain is from selling collectibles, so the capital gain rate would be 28%. Because you are single and your taxable income is \$25,000, none of your taxable income will be taxed above the 15% rate. The 28% rate does not apply.

Investment interest deducted. If you claim a deduction for investment interest, you may have to reduce the amount of your net capital gain that is eligible for the capital gain tax rates. Reduce it by the amount of the net capital gain you choose to include in investment income when figuring the limit on your investment interest deduction. This is done on the Schedule D Tax Worksheet or the Qualified Dividends and Capital Gain Tax Worksheet. For more information about the limit on investment interest, see chapter 3 of Publication 550.

Collectibles gain or loss. This is gain or loss from the sale or trade of a work of art, rug, antique, metal (such as gold, silver, and plati-

num bullion), gem, stamp, coin, or alcoholic beverage held more than 1 year.

Gain on qualified small business stock. If you realized a gain from qualified small business stock that you held more than 5 years, you generally can exclude up to 50% of your gain from income. The exclusion can be up to 60% for certain empowerment zone business stock. The gain minus your section 1202 exclusion is a 28% rate gain. See *Gains on Qualified Small Business Stock* in chapter 4 of Publication 550.

Unrecaptured section 1250 gain. Generally, this is any part of your capital gain from selling section 1250 property (real property) that is due to depreciation (but not more than your net section 1231 gain), reduced by any net loss in the 28% group. Use the Unrecaptured Section 1250 Gain Worksheet in the Schedule D instructions to figure your unrecaptured section 1250 gain. For more information about section 1250 property and section 1231 gain, see chapter 3 of Publication 544.

Tax computation using maximum capital gains rates. Use the Qualified Dividends and Capital Gain Tax Worksheet or the Schedule D Tax Worksheet (whichever applies) to figure your tax if you have qualified dividends or net capital gain. You have net capital gain if Schedule D, lines 15 and 16, are both gains.

Schedule D Tax Worksheet. You must use the Schedule D Tax Worksheet in the Schedule D instructions to figure your tax if:

- You have to file Schedule D, and
- Schedule D, line 18 (28% rate gain) or line 19 (unrecaptured section 1250 gain), is more than zero.

See *Comprehensive Example*, later, for an example of how to figure your tax using the Schedule D Tax Worksheet.

Qualified Dividends and Capital Gain Tax Worksheet. If you do not have to use the Schedule D Tax Worksheet (as explained above) and any of the following apply, use the Qualified Dividends and Capital Gain Tax Worksheet in the instructions for Form 1040 or Form 1040A (whichever you file) to figure your tax.

- You received qualified dividends. (See *Qualified Dividends* in chapter 8.)
- You do not have to file Schedule D and you received capital gain distributions.

(See *Capital gain distributions only*, earlier.)

- Schedule D, lines 15 and 16, are both more than zero.

Comprehensive Example

Emily Jones is single and, in addition to wages from her job, she has income from stocks and other securities. For the 2005 tax year, she had the following capital gains and losses, which she reports on Schedule D. All the Forms 1099 she received showed net sales prices. Her filled-in Schedule D is shown in this chapter.

Capital gains and losses — Schedule D. Emily sold stock in two different companies that she held for less than a year. In June, she sold 100 shares of Trucking Co. stock that she had bought in February. She had an adjusted basis of \$650 in the stock and sold it for \$900, for a gain of \$250. In July, she sold 25 shares of Computer Co. stock that she bought in June. She had an adjusted basis in the stock of \$2,500 and she sold it for \$2,000, for a loss of \$500. She reports these short-term transactions on line 1 in Part I of Schedule D.

Emily had three other stock sales that she reports as long-term transactions on line 8 in Part II of Schedule D. In February, she sold 60 shares of Car Co. for \$2,100. She had inherited the Car Co. stock from her father. Its fair market value at the time of his death was \$2,500, which became her basis. Her loss on the sale is \$400. Because she had inherited the stock, her loss is a long-term loss, regardless of how long she and her father actually held the stock. She enters the loss in column (f) of line 8.

In June, she sold 500 shares of Furniture Co. stock for \$14,000. She had bought 100 of those shares in 1994, for \$1,000. She had bought 100 more shares in 1996 for \$2,200, and an additional 300 shares in 1999 for \$1,500. Her total basis in the stock is \$4,700. She has a \$9,300 (\$14,000 – \$4,700) gain on this sale, which she enters in column (f) of line 8.

In December, she sold 20 shares of Toy Co. for \$4,100. This was qualified small business

stock that she had bought in September 2000. Her basis is \$1,100, so she has a \$3,000 gain which she enters in column (f) of line 8. Because she held the stock more than 5 years, she has a \$1,500 section 1202 exclusion. She claims the exclusion on the line below by entering \$1,500 as a loss in column (f). She also enters the exclusion as a positive amount on line 2 of the 28% Rate Gain Worksheet.

She received a Form 1099-B (not shown) from her broker for each of these transactions.

Reconciliation of Forms 1099-B. Emily makes sure that the total of the amounts reported in column (d) of lines 3 and 10 of Schedule D is not less than the total of the amounts shown on the Forms 1099-B she received from her broker. For 2005, the total is \$23,100.

Capital loss carryover from 2004. Emily has a capital loss carryover to 2005 of \$800, of which \$300 is short-term capital loss, and \$500 is long-term capital loss. She enters these amounts on lines 6 and 14 of Schedule D. She also enters the \$500 long-term capital loss carryover on line 5 of the 28% Rate Gain Worksheet. Her filled-in 28% Rate Gain Worksheet is shown below.

She kept the completed Capital Loss Carryover Worksheet (not illustrated) in her 2004 edition of Publication 550, so she could properly report her loss carryover for the 2005 tax year without refiguring it.

Tax computation. Because Emily has gains on both lines 15 and 16 of Schedule D, she checks the “Yes” box on line 17 and goes to line 18. On line 18 she enters \$450 from line 7 of the 28% Rate Gain Worksheet. Because line 18 is greater than zero, she checks the “No” box on line 20 and uses the Schedule D Tax Worksheet to figure her tax.

After entering the gain from line 16 on line 13 of her Form 1040, she completes the rest of Form 1040 through line 43. She enters the amount from that line, \$30,000, on line 1 of the Schedule D Tax Worksheet. After filling out the rest of that worksheet, she figures her tax is \$3,279. This is less than the \$4,171 tax she would have figured without the capital gain tax rates.

28% Rate Gain Worksheet for Emily Jones—Line 18

1. Enter the total of all collectibles gain or (loss) from items you reported on line 8, column (f), of Schedules D and D-1	1.	0
2. Enter as a positive number the amount of any section 1202 exclusion you reported on line 8, column (f), of Schedules D and D-1	2.	1,500
3. Enter the total of all collectibles gain or (loss) from Form 4684, line 4 (but only if Form 4684, line 15, is more than zero); Form 6252; Form 6781, Part II; and Form 8824	3.	
4. Enter the total of any collectibles gain reported to you on: • Form 1099-DIV, box 2d; • Form 2439, box 1d; and • Schedule K-1 from a partnership, S corporation, estate, or trust.	4.	
5. Enter your long-term capital loss carryovers from Schedule D, line 14, and Schedule K-1 (Form 1041), box 11, code C	5.	(500)
6. If Schedule D, line 7, is a (loss), enter that (loss) here. Otherwise, enter -0-	6.	(550)
7. Combine lines 1 through 6. If zero or less, enter -0-. If more than zero, also enter this amount on Schedule D, line 18	7.	450

Schedule D Tax Worksheet

Complete this worksheet only if line 18 or line 19 of Schedule D is more than zero. Otherwise, complete the Qualified Dividends and Capital Gain Tax Worksheet on page 38 of the Instructions for Form 1040 to figure your tax.

Exception: Do not use the Qualified Dividends and Capital Gain Tax Worksheet or this worksheet to figure your tax if:

- Line 15 or line 16 of Schedule D is zero or less **and** you have no qualified dividends on Form 1040, line 9b, **or**
- Form 1040, line 43, is zero or less.

Instead, see the instructions for Form 1040, line 44.

1.	Enter your taxable income from Form 1040, line 43	1.	30,000
2.	Enter your qualified dividends from Form 1040, line 9b	2.	
3.	Enter the amount from Form 4952, line 4g	3.	
4.	Enter the amount from Form 4952, line 4e*	4.	
5.	Subtract line 4 from line 3. If zero or less, enter -0-	5.	
6.	Subtract line 5 from line 2. If zero or less, enter -0-	6.	
7.	Enter the smaller of line 15 or line 16 of Schedule D	7.	9,350
8.	Enter the smaller of line 3 or line 4	8.	
9.	Subtract line 8 from line 7. If zero or less, enter -0-	9.	9,350
10.	Add lines 6 and 9	10.	9,350
11.	Add lines 18 and 19 of Schedule D	11.	450
12.	Enter the smaller of line 9 or line 11	12.	450
13.	Subtract line 12 from line 10	13.	8,900
14.	Subtract line 13 from line 1. If zero or less, enter -0-	14.	21,100
15.	Enter the smaller of:		
	• The amount on line 1 or		
	• \$29,700 if single or married filing separately;	15.	29,700
	• \$59,400 if married filing jointly or qualifying widow(er); or		
	• \$39,800 if head of household	16.	21,100
16.	Enter the smaller of line 14 or line 15	16.	21,100
17.	Subtract line 10 from line 1. If zero or less, enter -0-	17.	20,650
18.	Enter the larger of line 16 or line 17	18.	21,100
	If lines 15 and 16 are the same, skip lines 19 and 20 and go to line 21. Otherwise, go to line 19.		
19.	Subtract line 16 from line 15	19.	8,600
20.	Multiply line 19 by 5% (.05)	20.	430
	If lines 1 and 15 are the same, skip lines 21 through 33 and go to line 34. Otherwise, go to line 21.		
21.	Enter the smaller of line 1 or line 13	21.	8,900
22.	Enter the amount from line 19 (if line 19 is blank, enter -0-)	22.	8,600
23.	Subtract line 22 from line 21. If zero or less, enter -0-	23.	300
24.	Multiply line 23 by 15% (.15)	24.	45
	If Schedule D, line 19, is zero or blank, skip lines 25 through 30 and go to line 31. Otherwise, go to line 25.		
25.	Enter the smaller of line 9 above or Schedule D, line 19	25.	
26.	Add lines 10 and 18	26.	
27.	Enter the amount from line 1 above	27.	
28.	Subtract line 27 from line 26. If zero or less, enter -0-	28.	
29.	Subtract line 28 from line 25. If zero or less, enter -0-	29.	
30.	Multiply line 29 by 25% (.25)	30.	
	If Schedule D, line 18, is zero or blank, skip lines 31 through 33 and go to line 34. Otherwise, go to line 31.		
31.	Add lines 18, 19, 23, and 29	31.	30,000
32.	Subtract line 31 from line 1	32.	0
33.	Multiply line 32 by 28% (.28)	33.	0
34.	Figure the tax on the amount on line 18 . Use the Tax Table or Tax Computation Worksheet, whichever applies	34.	2,804
35.	Add lines 20, 24, 30, 33, and 34	35.	3,279
36.	Figure the tax on the amount on line 1 . Use the Tax Table or Tax Computation Worksheet, whichever applies	36.	4,171
37.	Tax on all taxable income (including capital gains and qualified dividends). Enter the smaller of line 35 or line 36. Also enter this amount on Form 1040, line 44	37.	3,279

*If applicable, enter instead the smaller amount you entered on the dotted line next to line 4e of Form 4952.

SCHEDULE D
(Form 1040)

Department of the Treasury
Internal Revenue Service (99)

Capital Gains and Losses

- **Attach to Form 1040.** ► **See Instructions for Schedule D (Form 1040).**
► **Use Schedule D-1 to list additional transactions for lines 1 and 8.**

OMB No. 1545-0074

2005

Attachment
Sequence No. **12**

Name(s) shown on Form 1040

Emily Jones

Your social security number

111 00 1111

Part I Short-Term Capital Gains and Losses—Assets Held One Year or Less

(a) Description of property (Example: 100 sh. XYZ Co.)	(b) Date acquired (Mo., day, yr.)	(c) Date sold (Mo., day, yr.)	(d) Sales price (see page D-6 of the instructions)	(e) Cost or other basis (see page D-6 of the instructions)	(f) Gain or (loss) Subtract (e) from (d)
1 100 sh Trucking Co.	2-11-05	6-12-05	900	650	250
25 sh Computer Co.	6-30-05	7-30-05	2,000	2,500	(500)
2 Enter your short-term totals, if any, from Schedule D-1, line 2	2				
3 Total short-term sales price amounts. Add lines 1 and 2 in column (d)	3				
4 Short-term gain from Form 6252 and short-term gain or (loss) from Forms 4684, 6781, and 8824	4				
5 Net short-term gain or (loss) from partnerships, S corporations, estates, and trusts from Schedule(s) K-1	5				
6 Short-term capital loss carryover. Enter the amount, if any, from line 8 of your Capital Loss Carryover Worksheet on page D-6 of the instructions	6				(300)
7 Net short-term capital gain or (loss). Combine lines 1 through 6 in column (f)	7				(550)

Part II Long-Term Capital Gains and Losses—Assets Held More Than One Year

(a) Description of property (Example: 100 sh. XYZ Co.)	(b) Date acquired (Mo., day, yr.)	(c) Date sold (Mo., day, yr.)	(d) Sales price (see page D-6 of the instructions)	(e) Cost or other basis (see page D-6 of the instructions)	(f) Gain or (loss) Subtract (e) from (d)
8 60 sh Car Co.	INHERITED	2-3-05	2,100	2,500	(400)
500 sh Furniture Co.	VARIOUS	6-30-05	14,000	4,700	9,300
20 sh Toy Co.	9-28-00	12-15-05	4,100	1,100	3,000
Section 1202 exclusion					(1,500)
9 Enter your long-term totals, if any, from Schedule D-1, line 9	9				
10 Total long-term sales price amounts. Add lines 8 and 9 in column (d)	10	20,200			
11 Gain from Form 4797, Part I; long-term gain from Forms 2439 and 6252; and long-term gain or (loss) from Forms 4684, 6781, and 8824	11				
12 Net long-term gain or (loss) from partnerships, S corporations, estates, and trusts from Schedule(s) K-1	12				
13 Capital gain distributions. See page D-1 of the instructions	13				
14 Long-term capital loss carryover. Enter the amount, if any, from line 13 of your Capital Loss Carryover Worksheet on page D-6 of the instructions	14				(500)
15 Net long-term capital gain or (loss). Combine lines 8 through 14 in column (f). Then go to Part III on the back	15				9,900

For Paperwork Reduction Act Notice, see Form 1040 instructions.

Cat. No. 11338H

Schedule D (Form 1040) 2005

Part III Summary

16 Combine lines 7 and 15 and enter the result. If line 16 is a loss, skip lines 17 through 20, and go to line 21. If a gain, enter the gain on Form 1040, line 13, and then go to line 17 below . . .	16	9,350	
17 Are lines 15 and 16 both gains? <input checked="" type="checkbox"/> Yes. Go to line 18. <input type="checkbox"/> No. Skip lines 18 through 21, and go to line 22.			
18 Enter the amount, if any, from line 7 of the 28% Rate Gain Worksheet on page D-7 of the instructions ►	18	450	
19 Enter the amount, if any, from line 18 of the Unrecaptured Section 1250 Gain Worksheet on page D-8 of the instructions ►	19		
20 Are lines 18 and 19 both zero or blank? <input type="checkbox"/> Yes. Complete Form 1040 through line 43, and then complete the Qualified Dividends and Capital Gain Tax Worksheet on page 38 of the Instructions for Form 1040. Do not complete lines 21 and 22 below. <input checked="" type="checkbox"/> No. Complete Form 1040 through line 43, and then complete the Schedule D Tax Worksheet on page D-9 of the instructions. Do not complete lines 21 and 22 below.			
21 If line 16 is a loss, enter here and on Form 1040, line 13, the smaller of: <div style="display: flex; align-items: center;"> <div style="margin-right: 10px;"> <ul style="list-style-type: none"> • The loss on line 16 or • (\$3,000), or if married filing separately, (\$1,500) </div> <div style="font-size: 3em; margin-right: 10px;">}</div> <div> </div> </div>	21	()
Note. When figuring which amount is smaller, treat both amounts as positive numbers.			
22 Do you have qualified dividends on Form 1040, line 9b? <input type="checkbox"/> Yes. Complete Form 1040 through line 43, and then complete the Qualified Dividends and Capital Gain Tax Worksheet on page 38 of the Instructions for Form 1040. <input type="checkbox"/> No. Complete the rest of Form 1040.			